

Rt Hon Theresa May MP
Prime Minister of the United Kingdom
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Mr Narendra Modi
Hon'ble Prime Minister of India
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Monday, 07 November 2016

Strengthened UK-India technology partnership will create new prosperity for both our countries

Dear Prime Minister May and Prime Minister Modi

techUK and NASSCOM, the leading technology trade associations in the UK and India, believe that a closer tech trading relationship will create new prosperity for both our countries. As Prime Minister Modi stated on his visit to the UK last September, a close relationship between the UK and India has the potential to create an 'unbeatable combination' for 'enormously successful partnerships'. We could not agree more and believe Prime Minister May's trip to India next week, and both your keynote speeches at the India-UK Tech Summit, provide an excellent opportunity set out clearly the huge potential benefits of a deeper tech relationship.

Trade between UK and Indian companies in the tech sector is booming. India is the third largest source of FDI into the UK, and second only to the USA in ICT with nearly \$19 billion of ICT exports in 2015. Indian IT companies play a key role in driving the UK's growth and prosperity by significantly enhancing productivity and global competitiveness of British businesses, contributing to overall growth and job creation of the UK economy. UK is India's largest G20 investor, employing nearly 700,000 people across India. Now is the time for the British and Indian Governments to build stronger partnerships in the tech sector that will power new growth in the economies of both countries.

techUK and NASSCOM have identified four priorities to unlock new growth in tech and ICT services between the UK and India. We believe these provide an excellent basis for fruitful talks between our two nations next week.

Partnering in innovation

The relationship between the UK and Indian ICT sectors has seen a step change in recent years and our shared goal of being global centres for innovation make the UK and India natural partners in technology. Our Governments' commitment to emerging sectors such as FinTech, cyber security, the Internet of Things (IoT) and smart cities provides fertile ground for new joint initiatives between UK and Indian businesses. As such, techUK and NASSCOM encourage the UK Government to consider establishing a tech hub in India following the pioneering model of the British Embassy in Israel.

The value of international tech talent

Tech companies in the UK and India rely on the best and brightest from around the world to grow and succeed. The UK tech sector has long thrived on its ability to attract the best skills and entrepreneurial talent from across the globe. India has a surplus of STEM skills and produces nearly 3.5 million highly skilled graduates each year in areas where UK businesses face skills shortages. It is crucial our fast growing and high value tech sectors can rely upon an effective immigration policy that attracts high-skilled workers and minimises barriers to the flow of talented people between our two countries. The current UK points-based system allows high-skilled Indian IT workers to contribute to the UK's digital economy. Given the high levels of business uncertainty for our sector caused by the decision of the UK to leave the EU, we would ask that the further changes planned for April next year, including the increase in salary thresholds for Tier 2 ICT visas and the introduction of the Immigration Skills Levy, be

subject to fresh, considered review. We stand ready to work with Government officials in both countries to ensure that any future changes remain justified in the new context, given the significant business uncertainty we currently face.

Sharing best practice on digital skills training

Greater investment in digital skills is vital to ensure our respective workforces are prepared for tomorrow's jobs and help increase bilateral trade. The UK digital skills gap currently costs our economy an estimated £63 billion a year in lost GDP. techUK and NASSCOM support the recognition by both Governments of the strategic importance of digital skills, and ongoing investment in training our respective workforces. We encourage both Governments to share best practice in delivering significant digital skills training, in partnership with industry, and believe this can deliver major benefits for the digital economy in both the UK and India.

A Free Trade Agreement that prioritises talent and data flows

We are fully supportive of the desire from both Governments to deliver a Free Trade Agreement (FTA) that simplifies the trade of goods and services. In this regard, the key ask to both Governments is for a high skilled worker mobility agreement, along with an agreement on the free movement of data. We urge you both to consider the movement of skilled tech workers from India as a trade priority rather than an immigration issue. Temporary placement of highly-skilled individuals into the UK provides a significant economic boost yet has a negligible impact on net migration.

We recognise that a full agreement on an FTA will take several more years to finalise but encourage both Governments to use the forthcoming India-UK TECH Summit to strengthen our tech relationship. The summit is an important symbol of our countries' willingness to deliver the next wave of digital growth by forging a closer relationship. techUK and NASSCOM stand ready to work with both governments to advance this ambition.

Yours sincerely



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